Declassified in Part - Sanitized Copy Approved for Release 2012/11/15 : CIA-RDP90M00005R000200060007-2

OCA 88 3102
16 September 1988

MEMORANDUM FOR: Director of Personnel

STAT FROM: [redacted] Congressional Affairs

SUBJECT: Report Language Fix to H.R. 5102--Federal Health Benefits Amendments.

1. You will recall that you asked OCA to seek relief from subject bill by having language introduced into the Committee Report noting that the Act was not intended to interfer with intelligence agencies which administer their own health benefits program.

2. Attached is the Committee Report. You should note page 3, paragraph 3, where the Post Office and Civil Service staff included, at our behest, the appropriate clarifying language
STAT drafted by [redacted] of OCA.

3. The House passed the bill today. The Senate, where there is no companion bill, may not get to this legislation before adjournment.

STAT [redacted]

cc: DDA
DD/EB&S/OP
D/OCA
STAT OCA/LEG- [redacted]
STAT ICS- [redacted]

~~ADMINISTRATIVE/INTERNAL USE ONLY~~

Declassified in Part - Sanitized Copy Approved for Release 2012/11/15 : CIA-RDP90M00005R000200060007-2

Declassified in Part - Sanitized Copy Approved for Release 2012/11/15 : CIA-RDP90M00005R000200060007-2

100TH CONGRESS
2d Session
HOUSE OF REPRESENTATIVES
REPORT
100-917

# FEDERAL EMPLOYEES HEALTH BENEFITS AMENDMENTS ACT OF 1988

---

SEPTEMBER 14, 1988.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

---

Mr. ACKERMAN, from the Committee on Post Office and Civil Service, submitted the following

## REPORT

[To accompany H.R. 5102]

[Including cost estimate of the Congressional Budget Office]

The Committee on Post Office and Civil Service, to whom was referred the bill (H.R. 5102) to amend the provisions of title 5, United States Code, relating to the health benefits program for Federal employees and certain other individuals, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments (stated in terms of the page and line numbers of the introduced bill) are as follows:

Page 14, strike lines 23 and 24 and insert the following:

"lation require)—
"(I) to the employee's employing agency; or
"(II) in the case of an annuitant, to the Office; and".

Page 15, strike lines 1 and 2 and insert the following:

"(ii) if the notice referred to in clause (i) is received within 60 days after the date as of".

Page 15, line 4, strike "carrier" and insert "employing agency or the Office (as the case may be)".

Page 16, line 22, strike "subparagraph (A)." and insert "clause (i).".

Page 19, strike lines 10 through 14.

Page 19, line 15, strike "(g)(1)" and insert "(f)(1)".

Page 20, line 12, strike "subsections (d) and (f)," and insert "subsection (d),".



Declassified in Part - Sanitized Copy Approved for Release 2012/11/15 : CIA-RDP90M00005R000200060007-2

Declassified in Part - Sanitized Copy Approved for Release 2012/11/15 : CIA-RDP90M00005R000200060007-2



## EXPLANATION OF THE COMMITTEE AMENDMENTS

The Committee amendments make several technical changes in the bill as introduced.

First, the Committee amendments shift from the insurance carriers to employing agencies or, in the case of an annuitant, to the Office of Personnel Management (OPM), the responsibility for receiving written notices of changes in the status of a dependent child of an employee or annuitant and notifying the child of such child's rights under the continued Federal Employees' Health Benefits Program (FEHBP) coverage provided by the bill.

The Committee amendments also clarify that all insurance carriers have the same responsibility to provide continuation of coverage under the continued coverage provisions.

Finally, the Committee amendments make clear that OPM may charge no more than an additional 2 percent of the total employee and agency premium contributions to cover necessary expenses of administering continued health insurance coverage.

## PURPOSE

The purpose of this legislation is twofold: (1) to protect FEHBP participants from unfit health care providers, providers who have had their licenses suspended, and providers who have committed fraud or other types of financial misconduct; and (2) to provide for the temporary continuation of FEHBP coverage to separated enrollees, certain unmarried dependent children and certain former spouses.

## COMMITTEE ACTION

On May 11 and May 18, 1988, the Subcommittee on Compensation and Employee Benefits conducted oversight hearings on the Federal Employees' Health Benefits Program (Serial No. 100–54). Testimony was received from Members of Congress, the Office of Personnel Management (OPM), Federal employee unions, health care providers, and insurance underwriters.

On July 28, 1988, Chairman Ackerman introduced H.R. 5102, the Federal Employees Health Benefits Amendments Act of 1988, which proposed two changes to the FEHBP which were suggested at the May 11 hearing. On August 3, 1988, the subcommittee approved H.R. 5102, without amendment, for full committee consideration. On August 10, 1988, the Committee on Post Office and Civil Service, by a voice vote and with a quorum present, ordered H.R. 5102 favorably reported with amendments.

## SUMMARY

H.R. 5102 amends chapter 89 of title 5, United States Code, to provide for the debarment of certain health care providers from participation in the FEHBP, and to permit separated employees and certain other individuals to temporarily continue FEHBP coverage.

The bill identifies a number of actions for which the Director of OPM may exclude certain health care providers from participating in the FEHBP. The actions for which a provider may be barred in-

Declassified in Part - Sanitized Copy Approved for Release 2012/11/15 : CIA-RDP90M00005R000200060007-2

Declassified in Part - Sanitized Copy Approved for Release 2012/11/15 : CIA-RDP90M00005R000200060007-2



clude: conviction in connection with the delivery of a health care service relating to fraud, corruption, breach of fiduciary responsibility, financial misconduct, neglect or abuse of patients, obstruction or interference of an investigation; conviction for certain crimes relating to a controlled substance; the revocation, suspension, restriction, nonrenewal of a license, or surrender of a license while a formal disciplinary proceeding is pending for reasons relating to the provider's professional competence, professional performance, or financial integrity; and the submission of fraudulent claims, claims which contain charges substantially in excess of usual charges, or claims for services which were medically unnecessary or which fail to meet professionally recognized standards. This provision is similar to the exclusion authority under the Medicare and Medicaid programs.

In addition, H.R. 5102 provides for the temporary continuation of FEHBP coverage for certain separated employees, certain unmarried dependent children, and certain former spouses. Separated employees would be permitted to extend their health insurance coverage for up to 18 months, and unmarried dependent children and former spouses may extend their coverage for up to 36 months. Beneficiaries would be required to pay an amount equal to the combined employee and government contribution to continue FEHBP coverage. Additionally, OPM may charge no more than an additional 2 percent of the total premium to cover administrative expenses. This coverage is similar to the continued health insurance coverage which was afforded to private sector employees in the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA).

This measure is not intended to interfere with intelligence agencies which administer their own health benefits programs. For instance, for reasons of national security the Central Intelligence Agency (CIA) manages its own insurance program. Information concerning certain employees, dependents, former employees, former spouses, and annuitants is classified and must be treated with certain precautions. The dissemination of this information should be proscribed whenever possible and the Director of the CIA given the flexibility to prescribe regulations consistent with, but not necessarily identical to, those prescribed by OPM and which protect sensitive intelligence information. This is not to say that the CIA may grant to persons who may be enrolled in a health plan under Chapter 89 of title 5, United States Code, less substantive benefits than are provided to other Federal employees, their former spouses, and their family members. Rather, the CIA may deviate from the law's requirements only when necessary to protect intelligence sources and methods.

## STATEMENT

### TITLE I

Under current law, the Office of Personnel Management does not have the authority to protect FEHBP beneficiaries from unscrupulous or fraudulent health care providers. This lack of authority could result in subjecting enrollees to unnecessary, expensive and harmful medical procedures. In addition, the fiscal integrity of the

Declassified in Part - Sanitized Copy Approved for Release 2012/11/15 : CIA-RDP90M00005R000200060007-2